

1 IN THE SENATE

BY SENATOR OWEN

2

SENATE BILL NO. 12

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRD LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to loans for school construction; and creating a school construction revolving fund."

7

8

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

* Section 1. AS 14.15 is amended by adding a new article to

11

read:

12

ARTICLE 9.

13

Sec. 14.15.963. PURPOSE. The purpose of secs. 963 -

14

984 of this chapter is to provide long-term loans to political

15

subdivisions to finance the construction and equipping of

16

new schools when it would be difficult or financially unwise

17

for them to issue general obligation bonds.

18

Sec. 14.15.966. SCHOOL CONSTRUCTION REVOLVING FUND.

19

The school construction revolving fund, referred to in secs.

20

963 - 984 of this chapter as the fund, is created to assist

21

eligible political subdivisions of Alaska to finance the construction

22

and equipping of new schools.

23

Sec. 14.15.969. ELIGIBLE POLITICAL SUBDIVISIONS. (a)

24

A political subdivision of Alaska is eligible to apply for a

25

school construction loan if it is permitted by law at the

26

time of applying for a loan to issue general obligation bonds

27

for school construction.

28

(b) If a political subdivision's application for a loan

29

is approved, it is eligible to receive the loan after it has

1 followed the same procedure required by law for incurring
2 indebtedness by issuing general obligation bonds.

3 Sec. 14.15.972. ADMINISTRATION OF FUND. (a) The fund
4 is administered by the commissioner of education, referred to
5 in secs. 963 - 984 of this chapter as the commissioner. The
6 commissioner shall promulgate regulations concerning the use
7 of the fund, specific eligibility for a loan and other neces-
8 sary regulations.

9 (b) The commissioner of revenue is the custodian of the
10 fund and shall receive and disburse money as requested by the
11 commissioner.

12 Sec. 14.15.975. LOANS. (a) An eligible political sub-
13 division may apply to the commissioner for a loan. A loan
14 application shall be accompanied by a comprehensive statement
15 describing the following:

16 (1) the school to be constructed;

17 (2) the proposed method of financing school con-
18 struction, including an explanation of how a loan provided by
19 secs. 963 - 984 of this chapter would be repaid;

20 (3) any additional information required by the
21 commissioner.

22 (b) The commissioner may, at his discretion, make loans
23 from the fund to eligible political subdivisions. However,
24 before the commissioner may lend from the fund he shall
25 determine that

26 (1) the proposed school is needed,

27 (2) the architectural and construction plans of
28 the proposed school conform to accepted standards for school
29 construction,

1 (3) the financing of the proposed school with
2 general obligation bonds issued by the political subdivision
3 is not feasible,

4 (4) an adequate method for repaying the loan has
5 been agreed upon.

6 (c) The rate of interest for a loan from the fund is
7 four per cent a year computed on the part of the loan out-
8 standing. The maximum term of a loan is 20 years.

9 Sec. 14.15.978. SECURITY FOR LOAN. (a) A political
10 subdivision contracting for a loan from the fund shall de-
11 posit with the commissioner of revenue a promissory note
12 describing the terms of the loan.

13 (b) Loans shall be secured by pledging all or a portion
14 of the revenue received by a borrowing political subdivision
15 from the School Fund provided by AS 43.50.140. The commis-
16 sioner may in his discretion also require a pledge of all or
17 a portion of other shared revenues to which the political
18 subdivision may be entitled.

19 (c) Additional forms of security may be required by
20 the commissioner.

21 (d) If a political subdivision defaults in repaying a
22 loan, the commissioner shall enforce his rights as allowed
23 by law. This may include a request for court action to
24 attach the revenue received by the political subdivision
25 from state taxes shared with it.

26 Sec. 14.15.981. SALE OF PROMISSORY NOTES. Promissory
27 notes held by the commissioner of revenue may be accepted as
28 a lawful investment and security for all fiduciary, trust,
29 and public funds of the state or its political subdivisions.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

If a promissory note is resold, all rights and interest in it accrue to the purchaser.

Sec. 14.15.984. REPAYMENT TO FUND. The principal and interest from loans repaid by political subdivisions and the proceeds from the sale of promissory notes to the state or its political subdivisions shall be deposited in the fund for continuous use.